

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
JUNE 24, 1997
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on June 24, 1997 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Byron G. Cudmore, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Kevin Lockhart and Thomas Swoik, Chief Legal Counsel Mareile' B. Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:40 a.m. Member Pyatt moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending and Probable Litigation Matters**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Vickrey seconded the motion. The Board adopted the motion by unanimous consent.

The Board reconvened in Open Session at 12:45 p.m.

Board Minutes

Chairman Johnson made a change to the May minutes under Legislative Update and called for a motion on the *amended* minutes.

Member Browder moved **that the Board approve the amended minutes from the open and closed sessions of the May 20, 1997 regular meeting.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Johnson stated that the Board will convene a two day meeting in July. The two day session will take place on Monday, July 28 and Tuesday, July 29 with the Monday session tentatively scheduled for closed session business. The Chairman also noted that the Board may convene a special meeting in July. The date has been tentatively identified as July 24. Chairman Johnson stated that the Board has been invited to hold the October Board meeting in Elgin. He instructed staff to poll Board members as to their preference.

The Chairman reported that the Illinois Casino Gaming Association ("ICGA") provided Board members with materials the ICGA has developed in conjunction with its responsible gaming initiative. The ICGA provided each of its member casinos with business card-sized informational pieces. One side of the card identifies the "800" number "helpline". The other side of the card contains "self-help" questions that allow an individual to help assess whether he or she is susceptible to being a problem gambler.

The Chairman noted several items concerning the agenda. Empress-Joliet will present a request proposal concerning a capital expansion project before its renewal presentation; Rev. Tom Grey will make public comments following HP, Inc.'s licensure renewal presentation; and, the Board may consider final action on the renewal request from HP, Inc.

The Chairman stated that due to the length of the agenda the presentation on proposed changes to Board rules and regulations will be abbreviated. The Chairman suggested that the Administrator share the rules in draft form with licensees and other interested parties.

Administrator's Report

Administrator Belletire summarized the following monthly statistical reports: Adjusted Gross Receipts; Underage Patrons; Cruise Disruptions/Cancellations; Credit Issuance; and, Internal Control System changes.

The Administrator also reported on the following items:

- Edward Muir, who filed a key person Form 1 in conjunction with Hollywood Casino Aurora and Hollywood Casino Corp. ("HCC"), has been authorized to withdraw his Form 1 application. Mr. Muir no longer has a key person relationship with these companies.
- HCC's partner, Edward DeBartolo, has withdrawn from participation in its proposed Bossier City, Louisiana riverboat casino venture.
- Empress Casino-Joliet has a new President, Joseph Canfora. Mr. Canfora will also serve as President of the Empress Casino-Hammond. Dennis Brown will no longer serve as Chief Operating Officer for both Empress affiliates. Mr. Brown will be General Manager of Empress-Joliet.

- Empress-Joliet has notified staff of changes to the \$50 million Empress-Hammond bank loan to which Empress-Joliet is a guarantor. Empress proposes to release the Joliet affiliate as a guarantor and increase the term and the maximum amount of credit available. Staff is currently evaluating this transaction.
- The operating budget for the Gaming Board approved by the legislature totals \$13.5 million, a 5.1 percent increase over the FY97 level.

Owner Licensee Items

HP, INC. - Donna More, representing Donna Ring, requested approval of Mrs. Ring as an owner of HP, Inc. Member Browder **moved that the Board approve Donna Ruth Ring as a Key Person of HP, Inc.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

Joseph McQuaid, representing HP, Inc., stated that shareholders of HP were delayed. Chairman Johnson deferred HP's renewal presentation to later in the meeting.

ALTON GAMING COMPANY ("Alton") - Mark Heffernan, representing Alton, requested approval of Patsy Hubbard as a key person. Member Cudmore moved **that the Board approve Patsy Hubbard as a Key Person of Alton Gaming Company.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

HARRAH'S JOLIET CASINO ("Harrah's") - Patrick Dennehy, representing Harrah's, requested approval of Robert Martin as a key person. Member Vickrey moved **that the Board approve Robert B. Martin as a Key Person of Des Plaines Development Limited Partnership.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensees Items

ARISTOCRAT, INC. - Donna More and John McCafferty, representing Aristocrat, requested renewal of its supplier's license.

Administrator Belletire stated that due to a number of corporate changes staff recommends a restricted license.

Member Browder moved **that the Board approve Aristocrat, Inc.'s application for renewal of its Supplier's license and issue a restricted license for a period of one year expiring June, 1998. I further move that the Board order the following:**

1. **Aristocrat must provide to the Board a complete explanation, with supporting documentation, of the reasons the company has experienced a high level of turnover in its management personnel in the past year;**

2. **Aristocrat must submit, with dispatch, Form 1 applications for all Directors and Key Persons of Aristocrat Leisure Limited, Aristocrat International Pty. Ltd and Aristocrat Inc.;**
3. **Aristocrat International Pty. Ltd and Aristocrat Leisure Limited must submit Business Entity and Form 1 applications with dispatch; and**
4. **Aristocrat must submit to the Board a written statement detailing the extent and nature of Leonard Ainsworth's role, past and present, in the managerial and/or financial affairs of Aristocrat, Inc.**

Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

UNIVERSAL DISTRIBUTING OF NEVADA ("Universal") - Kazunari Ikeda, representing Universal, requested renewal of its supplier's license.

Member Pyatt moved **that the Board approve Universal Distributing of Nevada's application for renewal of its Supplier's license for a period of 4 years expiring June, 2001.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licenses

Member Cudmore moved **that the Board approve 107 applications for an Occupational License, Level 2, and 253 applications for an Occupational License, Level 3, and deny 2 applications for an Occupational License, Level 2 and 4 applications for an Occupational License, Level 3.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings/ALJ Reports

Member Pyatt moved **that the Board, having reviewed the administrative record, adopt the Findings of Fact and Conclusions of Law as stated in the recommendation of the Administrative Law Judge and deny James Foley's application for an Occupational Level 3.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Complaints and Disciplinary Actions

Member Pyatt moved **that the Board, issue complaints for disciplinary action against Christine Brewer and Stephanie Stephens and revoke their respective licenses. The complaints pertain to the licensees' unauthorized taking of United States currency belonging to the Grand Victoria Casino with the intent to permanently deprive the casino of the money.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

BLACKJACK TABLE INCIDENT

Member Pyatt moved **that the Board issue a complaint for disciplinary action against Robert Gardner, Jr. The complaint seeks to reprimand Mr. Gardner for his role in assembling a blackjack table to be transported to Robert Kegley's office and to suspend Mr. Gardner's license for 14 days for failing to truthfully respond to staff's inquiries.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt move **that the Board issue a complaint for disciplinary action against Viola Avants. The complaint seeks to suspend Ms. Avant's license for 30 days for failing to truthfully respond to staff's inquiries.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Board issue a complaint for disciplinary action against John Matravers. The complaint seeks to reprimand Mr. Matravers for his involvement in the delivery of a blackjack table to Robert Kegley's office.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt move **that the Board issue a complaint for disciplinary action against Dennis Brown. The complaint seeks to suspend Mr. Brown's license for 45 days for causing a blackjack table to be delivered to Mr. Kegley's office.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Board issue a disciplinary complaint against Robert Kegley. The complaint seeks to fine Mr. Kegley in the amount of \$15,000 for using his ownership position at Empress to have a blackjack table delivered to his office, for unlawfully possessing a blackjack table and for failing to truthfully respond to staff's inquiries.**

I further move that Mr. Robert Kegley be ordered not to enter the premises of Empress-Joliet except for the purposes of conducting official business relating to Empress-Joliet. Each such entry and the purpose thereof must be promptly reported to the Administrator or his designee. Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Board issue a disciplinary complaint against Empress Casino-Joliet ("Empress-Joliet"). The complaint seeks to fine Empress-Joliet in the amount of \$50,000 for the actions of its agents and employees which resulted in the delivery of a blackjack table to Robert Kegley's office. The complaint further cites Empress-Joliet for its failure to initiate measures to prevent and discourage future violations of Article 28 of the Criminal Code.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

CIRCUMVENTION OF LICENSEE DENIAL

Member Vickrey moved **that the Board issue a second disciplinary complaint against Dennis Brown and suspend his license for an additional 60 days. The complaint involves Mr. Brown's circumvention of the Board's denial of an occupational licensee by allowing a denied individual to continue his duties at Empress-Joliet.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

Member Vickrey moved **that the Board issue a complaint against Empress-Joliet and fine the company in the amount of \$75,000. The complaint involves Empress-Joliet's circumvention of the Board's denial of an occupational licensee by allowing a denied individual to continue his duties at Empress-Joliet.** Member Cudmore seconded the motion. The Board approved the motion unanimously by voice vote.

TAX IMPLICATIONS OF LIMOUSINE USE

Member Cudmore moved **that the Board issue a complaint against Empress-Joliet and fine the company in the amount of \$15,000. The complaint involves Empress' failure to prepare appropriate tax documentation reflecting Mr. Kegley's non-business use of a limousine as income to Kegley and for improperly deducting expenses incurred by Empress-Joliet for Mr. Kegley's non-business use of the limousine.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

EMPRESS COMPLAINTS RE: RELATED PARTY CONTRACTS

1. Member Pyatt moved **that the Board issue a complaint against Empress-Joliet and fine the company in the amount of \$75,000. The complaint involves Empress' failure to notify the Board of a related party agreement to provide its employees to Empress-Hammond. The complaint more importantly cites Empress-Joliet's Board of Directors for failing to approve these related party transactions and Empress-Joliet for entering into these transactions without reaching agreements as to their fair market value.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.
2. Member Pyatt moved **that the Board issue a complaint against Empress-Joliet and fine the company in the amount of \$75,000. The complaint involves Empress' failure to notify the Board of a related party agreement to provide its patron database to Empress-Hammond. The complaint more importantly cites Empress-Joliet's Board of Directors for failing to approve these related party transactions and Empress-Joliet for entering into these transactions without reaching agreements as to their fair market value.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.
3. Member Pyatt moved **that the Board issue a complaint against Empress-Joliet and fine the company in the amount of \$75,000. The complaint involves Empress' failure to notify the Board of a related party agreement to provide its trademark to Empress-Hammond. The complaint more importantly cites**

Empress-Joliet's Board of Directors for failing to approve these related party transactions and Empress-Joliet for entering into these transactions without reaching agreements as to their fair market value. Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

4. Member Pyatt moved **that the Board issue a complaint against Empress-Joliet and fine the company in the amount of \$75,000. The complaint involves Empress' failure to notify the Board of a related party agreement to provide its internal control system, manuals and reservation system to Empress-Hammond. The complaint more importantly cites Empress-Joliet's Board of Directors for failing to approve these related party transactions and Empress-Joliet for entering into these transactions without reaching agreements as to their fair market value.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

FAILURE TO COMPLY WITH BOARD ORDER

Member Cudmore moved **that the Board issue a disciplinary complaint against Empress-Joliet and fine the company in the amount of \$25,000. The complaint involves Empress' failure to comply with a Board Order requiring Empress-Joliet to correct deficiencies reported in the Board's 1996 audit.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

DESTRUCTION OF RECORDS

Member Cudmore moved **that the Board issue a disciplinary complaint against Empress-Joliet and fine the company in the amount of \$25,000. The complaint involves Empress-Joliet's failure to maintain records in violation of Board rules.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

FAILURE TO OVERSEE INTEGRITY ISSUES

Member Browder moved **that the Board issue a disciplinary complaint against Empress-Joliet and fine the company in the amount of \$75,000. The complaint involves Empress' failure to oversee integrity issues relating to its owners, directors and employees, including its failure to establish procedures to educate those persons of their duties and obligations under the Riverboat Gambling Act and Article 28 of the Criminal Code.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

FIDUCIARY OBLIGATION TO THE STATE

Member Browder moved **that the Board issue a disciplinary complaint against Empress-Joliet and fine the company in the amount of \$250,000. The complaint involves Empress-Joliet's failure to make reasonable efforts to meet its fiduciary obligations to the State of Illinois as articulated under the Riverboat Gambling Act.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

Board Policy Items

LEGISLATIVE SESSION - Administrator Belletire reported that House Bill 2211 passed both chambers and awaits the Governor's signature. HB 2211 amends the Consumer Installment Loan Act to allow a licensee under the Act to maintain a limited purpose branch for the sole purpose of making loans as permitted under the Act. It specifically prohibits a limited purpose branch from being located within 1,000 feet of any type of gambling facility.

RULES & REGULATIONS - Administrator Belletire reported on proposed rulemaking. The Administrator stated that owner licensees have expressed interest in utilizing non-employee companies or individuals to recruit gamblers to their property. The current "junketeer" rule requires such specialized services to be subject to supplier licensure requirements. The Administrator stated that staff propose altering the junketeer definition and creating a new category and process called "Marketing Agents". A Marketing Agent would be a non-employee of a licensee who recruits patrons under a contract for compensation by the licensee. Licensees would obtain "prior approval" for such contracts.

The Administrator discussed trust relationships (relatives of key persons who are trust beneficiaries). He reported that staff have developed a "Trust Registration Form" that will allow all trust relationships, of a key person, to be identified and a determination made if further investigation is warranted.

The Administrator also discussed an "Institutional Investor Disclosure Form" being added to the rules. This form will require an Institutional Investor to declare its intention with regard to ownership of five percent or more of stock.

The Administrator reported a proposed minor change of an existing rule that requires owner licensees to do background checks and assure qualifications of individuals who will be in their employ. The language in the proposed rule makes it clear that each licensee is expected to define qualifications for the various positions.

The Administrator stated that staff will share the proposed rules with licensees to obtain comments and concerns.

HULL INSPECTION - Joseph Haughey, Deputy Administrator of Enforcement, reported that the Coast Guard granted Empress-Joliet a one year extension to its hull inspection requirement. During this time, alternatives to a dry dock inspection will be investigated.

Mike Hansen, representing Empress, stated that since Empress-Joliet received its one year extension, contingent plans for a dry dock inspection have been initiated.

Owner Licensee Items

CASINO QUEEN, INC. - Edward Duffy, representing Casino Queen, requested renewal of its owner's license.

Mr. Duffy discussed the Board's three areas of concern during Casino Queen's 1996 renewal and noted the actions taken by the company. First, in response to concerns with procurement procedures, a full-time Director of Purchasing was hired and purchasing procedures were re-established. Second, the Board suggested that Casino Queen was going beyond the area of charitable assistance with its Foundation. In response, Casino Queen is phasing out loans to small businesses. Mr. Duffy also reported that Casino Queen is becoming more involved in activities that have a broader effect on the community. Thirdly, the Board suggested Casino Queen purchase more goods and services from Illinois vendors. Over the past year Casino Queen has increased purchases from Illinois vendors.

Mr. Duffy discussed plans for the upcoming year. He reported that Casino Queen is expanding its visitors center, modifying the entry to the riverboat, constructing an RV park, and building a 150 room hotel and an entertainment/convention center (18,000 - 20,000 sq. ft.). A new sign has also been constructed to advertise the riverboat as well as communicate community events and programs.

Member Vickrey asked questions about marketing strategies for the hotel, uses of the entertainment center and the location of airports. Company officials provided brief responses.

HP, Inc. - Joseph McQuaid, representing HP, Inc., acknowledged Sandra Berryman, Mayor of East Dubuque, in attendance to demonstrate her support of HP's renewal.

Mr. McQuaid requested renewal of HP's owner's license and stated that HP's shareholders have been working with the General Assembly for two years to achieve authority for the relocation of its owner's license. Mr. McQuaid further requested the Board address the issue of the Board's authority to renew HP's license at a docksite other than Jo Daviess County: either on or off the Mississippi River.

Donald Flynn, a majority shareholder in HP, Inc., stated that HP has been rendered uneconomical for gaming due to Iowa's laws for dockside gaming. He further stated that shareholders have invested \$6 million since August, 1996, to maintain the viability of the license.

Michael Ficaro discussed how he feels the Board can reissue HP's license pursuant to several sections of the Riverboat Gambling Act. Mr. Ficaro further requested that the Board conditionally renew HP's license until clarification of the authority of the Board to grant renewal at a docksite other than Jo Daviess County either on or off the Mississippi has been explored.

Tom Grey, representing the Concerned Citizens for Jo Daviess County, stated his opposition to the renewal of HP's gaming license. Mr. Grey reported that the Frenress Lake area (Silver Eagle docksite) still needs to be dredged and wildlife preserves need to be repaired. Rev. Grey further reported an increase in bankruptcies in Jo Daviess County. He also referred to new infrastructure, built at public expense to serve the

Silver Eagle, now services only a minority of East Dubuque residents, at great expense to all area taxpayers.

Administrator Belletire reported that Judy Gratton, Chairperson of the Jo Daviess County Board, submitted letters supporting the renewal of HP. Ms. Gratton further requested that the County be compensated for infrastructure improvements, job losses and the continuation of gambling addiction programs if HP's license is not renewed.

The Administrator reported that HP has not met all of its requirements for relicensure established under the Act and rules and regulations of the Board. He stated that staff recommend that the Board not renew the owner license of HP, Inc.

The Administrator outlined a framework set forth in the Board rules and regulations to support the staff's recommendation. He stated that HP failed to meet at least six of the explicit requirements of rule 3000.236, in that:

1. HP submitted a non-responsive application.
2. HP maintains an inadequate gaming operation.
3. HP lacks financial viability.
4. HP exhibits significant compliance shortcomings.
5. HP does not provide for positive economic development and impact.
6. HP does not adhere to the overall requirements of the Act.

Administrator Belletire provided the Board with a verbal presentation of the attached report on HP, Inc. relicensure.

Chairman Johnson stated that HP is asking the Board to relocate its gaming license. He further stated that the Illinois Attorney General wrote in an opinion to Senator Pate Philip that the Board does not have the authority to relocate an existing license.

Mr. Ficaro requested that the Board ask the Attorney General to clarify the issue in the opinion that discusses relocation of a license and to suspend HP's operations until the Attorney General responds.

Other Board members sought clarification from HP, Inc. concerning their proposed operations and HP's request for Board action.

At 3:10 p.m., Member Pyatt moved **that the Board retire to closed session pursuant to Section 2(c), paragraph (1) of the Open Meetings Act, to discuss Issues concerning applicants and licensees.**

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

The Board reconvened in Open Session at 3:20 p.m.

Mr. Ficaro asked the Board to consider the following proposed motion:

The Board move that HP, Inc.'s license be conditionally renewed until the Illinois Gaming Board obtains clarification of its authority to grant a renewal of HP, Inc.'s license at a dock site other than Jo Daviess County either on or off the Mississippi River.

The Board further move that such conditional license duration not exceed one year or the earlier of the following events:

- a) An opinion by the Illinois Attorney General clarifying the authority of the Illinois Gaming Board to renew HP, Inc.'s license at a dock site other than Jo Daviess County; or*
- b) Action by the Illinois General Assembly granting the Illinois Gaming Board the authority to allow relocation of a dock site after initial renewal of a license.*

and that all gaming operation of HP, Inc. be suspended until further action by the Illinois Gaming Board.

Member Pyatt moved **that the Board not renew HP, Inc.'s Owner's license due to the licensee's failure to continue to meet all of the requirements of the Act and Board rules. The existing license will, therefore, expire on July 31, 1997.** Member Browder seconded the motion. The Board approved the motion unanimously by a roll call vote.

Member Pyatt left the meeting at 3:30 p.m.

EMPRESS CASINO-JOLIET - Mike Hansen, representing Empress-Joliet, requested initial consideration on the expansion of Empress-Joliet's hotel. Mr. Hansen stated that Empress will double the size of the current hotel and will invest \$6 million. In addition, a 4,000 sq. ft. conference facility and an RV park that accommodates 100 - 150 RVs are part of the proposed expansion. Empress hopes to stimulate additional tourism with the expansion of its hotel and the creation of the RV park.

Member Vickrey asked questions about the occupancy of the hotel and what percentage of rooms are "comped". John Costello responded that less than 13 percent to date have been "comped".

Peter Ferro, representing Empress, requested renewal of its owner's license.

Mr. Ferro introduced members of the Empress management and newly elected President of Empress Casino Corporation, Joe Canfora. Mr. Canfora stated that he understands and respects the importance of operating with integrity and looks forward to working with Gaming Board staff.

Mr. John Costello gave a brief report on new marketing programs instituted to strengthen the Empress brand name and the Joliet property. The programs include expansion of the existing hotel, expansion of out-of-state bus and air marketing programs, aggressive direct mail advertising and TV and radio ads.

A video presentation depicted the continued investment by Empress-Joliet in the community of Joliet. Empress-Joliet employs 1,700 people and has an annual payroll of \$45 million. It was noted that since its inception Empress has contributed tax revenues to the State of Illinois in excess of \$150 million, \$60 million to the town of Joliet and \$40 million to local suppliers. The tax dollars have been used to build a new fire station; expand the Silver Cross Hospital and St. Joseph's Medical Center; build a new runway at the Lewis University Airport; make renovations to the Realto Square Theater; build new parks and playgrounds; install new sewer systems and lighting; buy new city vehicles; institute a recycling program; and, establish new programs for senior citizens.

The video presentation also recognized Peter Ferro and Empress for the formation of the "Empress Office of Community Involvement" which presented a check for \$450,000 to the Will County Center for Economic Development's "Competitive Edge Campaign".

Chairman Johnson asked Mr. Ferro to explain why Empress has seen a greater drop in win per admission than Harrah's since the Indiana operations opened. Mr. Ferro attributed this to Empress' bus business which he stated, typically does not bring in high level players. Mr. Costello attributed the variance to Harrah's more competitive slot product.

Member Vickrey asked what percentage of Empress-Joliet's patron base is from northwest Indiana. Mr. Costello responded between 8 and 10 percent. Member Vickrey asked about airports in the Joliet area and the proposed RV park.

Member Vickrey commended Mr. Ferro on the progress Empress has made in Joliet. He noted the entrepreneurial success of the company's owners but advised Empress to recognize the unique demands of the tightly regulated gaming industry.

Mr. Ferro acknowledged Member Vickrey's comments and requested renewal of Empress-Joliet's owner's license.

HARRAH'S JOLIET CASINO ("Harrah's") - Patrick Dennehy, representing Harrah's, discussed the operating environment and impact Indiana licensees have had on Chicago area casinos in the last twelve months.

Mr. Dennehy summarized marketing initiatives designed to attract and retain customers. He reported that Harrah's changed its cruise schedules, developed a new business program called "money back guarantee", created a player development

department which identifies potential high-end players and uses motor coach programs more extensively.

Mr. Dennehy discussed Harrah's hull inspection due February 1998. He stated that Harrah's is exploring two options. The first would involve traveling to New Orleans with a projected down time of 30 days. The second option would bring a dry dock facility to the Joliet area with a projected down time of 7 days. In July Harrah's will request a one year extension from the US Coast Guard.

Mr. Dennehy stated that Harrah's has continued to expand economic development commitments through a five year commitment to the Joliet/Will County Chamber of Commerce-Center for Economic Development totaling \$400,000 and a ten year voluntary participation in a tax to provide economic development services to the Joliet City Center totaling \$700,000.

Harrah's continues to be committed to the Joliet community with such initiatives as the Adopt-A-School program and by supporting responsible gaming efforts. Members of Harrah's management team are actively involved in numerous charitable and civic organizations and that, overall Harrah's employees volunteer an average of 3.6 hours per worker per month. Harrah's has also partnered with Empress-Joliet on an annual Project 21 poster and essay contest.

Mr. Dennehy discussed a \$30 million proposal for a 204 room hotel with 9,000 sq. ft. of meeting space and 8,000 sq. ft. of office space. An enclosed skywalk will be developed connecting the parking facility to the hotel being constructed. A 120 seat player lounge is to be completed for higher level players. Mr. Dennehy noted that construction could begin in the fall on these projects.

Mr. Dennehy addressed the Board's areas of concern during the last renewal period. He stated that Harrah's renegotiated its management agreement eliminating revenue based management fees; improved the level of procurement from Illinois vendors; and, continues to work with IGB to measure economic development.

Mr. Dennehy requested renewal of Empress-Joliet's owner's license.

Member Vickrey asked questions on Harrah's plans to market the hotel and applauded the Illinois licensees who are developing hotel and entertainment facilities.

Member Cudmore left the meeting at 4:15 p.m.

HOLLYWOOD CASINO CORPORATION ("HCA") - Edward Pratt, representing HCA, requested renewal of HCA's owner's license.

Mr. Pratt introduced Paul Borek from the Aurora Economic Development Commission and several HCA management personnel.

A video presentation depicted the continued investment by HCA in the community of Aurora. He noted the company has recently completed capital expenditures totaling \$20 million. This investment provided a 500 space parking garage; a studio store; ballroom facilities in the civic center; expansion of the Fox Riverwalk; and, completion of a pedestrian bridge over the Fox River.

Mr. Pratt stated that HCA is committed to the Aurora community. Employees have participated in the Greater Aurora Chamber of Commerce membership drive and HCA management serves on a variety of the local businesses Boards and sponsors weekend tourism events.

Mr. Pratt reported that investments made by HCA and cross marketing with other local entertainment facilities have helped offset the competition from Indiana. He further reported that Poker has been very successful.

Chairman Johnson asked what HCA is doing in the area of hull inspection requirements. Mr. Pratt stated that HCA built its riverboats with stainless steel hulls and feels HCA will get an extension or waiver of visual inspection. A backup plan has been discussed to create a dry dock on the Fox River.

In response to Member Vickrey, Richard Knight stated that HCA has \$4 million targeted for new investments in HCA for calendar year 1997.

Member Vickrey asked Mr. Borek about disagreements between the City of Aurora and HCA over capital developments and how monies are spent. Mr. Borek reported that he felt the relationship between HCA and the city was quite positive and there were no significant disagreements over capital projects.

There being no further business to come before the Board, Member Browder moved **that the Board stand adjourned.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 4:50 p.m.

Respectfully Submitted,

Susan O. Weber
Secretary of the Board

attachment:
belletir/owners/hprelice